MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2022/2023 (TERM ID 2230)

PAT0074 – INTRODUCTION TO FINANCIAL ACCOUNTING

(Foundation in Business)

6 OCTOBER 2023
9.00 a.m. - 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages with **FOUR** questions.
2. Answer **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

STRUCTURED QUESTIONS (100 MARKS)

Instructions: Answer **ALL** questions. Write all your answers in the answer booklet provided.

QUESTION 1

Part A

Aini owns a clothing business and has recently incurred various expenditures relating to her factory machinery as follows:

	Classification		Financial Statement	
	Revenue expenditure	Capital expenditure	Statement of profit or loss	Statement of financial position
1) Purchase of new machine				
2) Carriage inwards for new machine				
3) Installation costs for new machine				
4) Repairs to machine				
5) Maintenance of machinery				

REQUIRED

For each of the above expenditures, indicate its classification as either revenue expenditure or capital expenditure, then state which financial statement should be recorded (either statement of profit or loss or statement of financial position). Reproduce the above table by providing the answer with a tick (√) in the correct columns. (10 marks)

Part B

On 1 April 2021, Alex bought a new computer for his business costing RM4,000. On 1 July 2021, Alex bought a new laser printer costing RM1,500.

Alex decided to depreciate the capital items using the straight-line method with monthly ownership. He considered the useful life of the above computer and laser printer disk would be three years. The computer would have a total scrap value of RM400 at the end of the third year. The business financial year ends on 31 December.

REQUIRED

a) Calculate the depreciation of computer for 2021 and 2022. (9 marks)

b) Calculate the depreciation of laser printer for 2021 and 2022. (6 marks)

(Total 25 marks)

Continued...

QUESTION 2

Part A

The Super Fitnesse Club was formed four years ago. In addition to providing sports facilities for members, the club also has a shop selling sports clothing. The following information was available for the year ending 31 December 2022.

	RM
Balance at bank on 1 January 2022	500
Insurance paid	1,000
Purchase of new sports equipment by cheque	2,000
Subscription received by cheque	9,000
Sales of sports clothing by cheque	8,000
Purchase of sports clothing by cheque	5,000
Rental paid	4,000
Salary paid	3,000

REQUIRED

Prepare the receipts and payments account of Super Fitnesse Club for the year ending 31 December 2022. (10 marks)

Part B

Ali and Abu are in partnership. Their partnership agreement provides that:
1) Partners are entitled to interest on capital at 6% per annum.
2) Partners are charged with interest on drawing at 5% per annum.
3) Ali is to receive a salary of RM30,000 a year.
4) Profits and losses are shared equally between the partners.

For the financial year ending 31 December 2022, balances in the partnership's books after the Trading Account was prepared included the following.

	Debit (RM)	Credit (RM)
Capital accounts, 1 January 2022: Ali		20,000
Abu		10,000
Gross profit for the year		90,000
Insurance	4,000	
General expenses	7,000	
Rent	8,000	10,000
Drawing: Ali	5,000	
Abu	6,000	
Bank	100,000	

REQUIRED

Prepare the partnership's statement of profit or loss and appropriation for the year ending 31 December 2022. (15 marks)

(Total 25 marks)

Continued...

QUESTION 3

Ming Gallery Corporation was established in 2020. The financial year of Ming Gallery Corporation ends on 31 December. The company provided the following balances at 31 December 2022.

	Debit RM	Credit RM
Purchases and Sales	200,000	400,000
Inventory, 1 January 2022	9,000	
Returns	60,000	30,000
Discounts	6,000	3,000
Rental received		54,000
Salaries	50,000	
Selling and distribution expenses	10,000	
General expenses	8,000	
Bank interest	9,000	
Loan notes interest	5,000	
Directors' remuneration	80,000	
Office equipment – cost	90,000	
Office equipment – provision for depreciation		9,000
Motor Vehicles -- cost	400,000	
Motor vehicles – provision for depreciation		50,000
Trade receivables and payables	50,000	13,000
Cash in hand	12,000	
Bank overdraft		16,000
5% loan notes		100,000
3% 500,000 preference shares capital, RM0.20 each		100,000
400,000 ordinary share capital, RM0.50 each		200,000
Retained profit		13,000
General reserves		10,000
Interim dividends – preference shares capital	3,000	
Interim dividends – ordinary shares capital	6,000	
TOTAL	998,000	998,000

Additional information on 31 December 2022:

1) Inventory on 31 December 2022 was valued at RM30,000.
2) Depreciation is to be charged on all non-current assets owned at the end of the year as follows:

Office equipment	10% per annum using the straight-line method
Motor vehicles	10% per annum using the reducing balance method

3) Corporate tax payable was 25% on the company profit.

REQUIRED

Prepare the statement of profit or loss for the year ending 31 December 2022.

(Total 25 marks)

Continued...

QUESTION 4

Part A

Indicate each of the following items as either cash inflow or cash outflow, then which part of the statement of cash flow will be affected. The first item has been completed as an example. Reproduce the following table to provide the answer.

No.	Item	Effect on cash (inflow or outflow)	Statement of cash flow (Operating or investing or financing activities)
	Example: An increase in taxes payable	inflow	operating activity
a)	Payment of dividend on company ordinary shares		
b)	The proceeds from issuing additional preference shares capital		
c)	The purchase of a motor vehicle to be used in the business		
d)	An increase in the balance of trade receivable		
e)	A decrease in the balance of loan		

(10 marks)

Part B

Aminah is a trader who sells household products. She has provided the following information.

	RM
On 31 December 2022:	
Inventory	10,000
Trade receivables	15,000
Bank overdraft	5,000
Trade payables	20,000
For the financial year to 31 December 2022:	
Net sales	100,000
Cost of sales	72,000
Expenses	20,000

Note: Inventory as at 1 January 2022 was valued at RM8,000

REQUIRED

Calculate the following and show your workings:

a) net profit margin (5 marks)

b) current ratio (5 marks)

c) inventory turnover (5 marks)

(Total 25 marks)

End of Paper